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Rumor: Japanese have bought "Sundance".
" are buying Saks 5th Ave in NYC

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Japanese retailer buying 75% of 7-Eleven for \$400 million

■ **'Friendly rescue':** Company says it will begin an immediate financial restructuring of Southland's failing American chain, preserving worldwide tradition.

DALLAS (UPI) — Southland Corp., parent company of the 7-Eleven convenience store chain, announced Thursday it will sell 75 percent of the world's largest convenience chain to its business partner in Japan.

Ito-Yokado Co., Ltd., Japan's largest retailer, said in Tokyo that it will purchase three-fourths of Southland Corp. for \$400 million. The transaction is the latest in a recent string of high-profile Japanese purchases of American assets.

The Japanese company described the purchase as a friendly rescue of a failing American company and said it will begin an immediate financial

restructuring of Southland with the aim of "preserving the worldwide tradition of 7-Eleven."

The purchase of 7-Eleven by a Japanese company follows last year's purchase of Columbia Pictures by Sony Corp. and Mitsubishi's purchase of controlling interest in Rockefeller Center. The two earlier purchases touched off a controversy over whether Japanese ownership of American assets is good or bad for the United States.

President Bush and Prime Minister Toshiki Kaifu have said the purchases are good for both countries because they bring the nations together and add needed capital to the U.S. economy.

Ito-Yokado said in an eight-page statement the purchase of 7-Eleven is different from earlier Japanese purchases and should be welcomed in the United States.

"Ito-Yokado's restructuring support for Southland is not the same as Japanese takeovers of American companies or Japanese investment in U.S. real estate," the statement said.

"This action is taken to aid a company which has been our friend and business partner for a long time," the statement said. "The aim is to preserve the tradition of 7-Eleven worldwide, and we are convinced this step will serve to deepen cooperative relations between the United States and Japan."

The 7,000 7-Eleven units represent the largest convenience store chain in the world, Southland officials said.

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In our opinion

We must do more research or Japan will own future

Despite their success in marketing products from autos to computer chips, the Japanese have been considered by some as "copycat manufacturers" — making the most of U.S. inventions. But the truth is, Japan is overtaking America in primary research as well.

This disheartening news is reflected in a report by the National Science Foundation on U.S. patents issued in 1988. It showed that American inventors received 52 percent of all patents granted, but in many important technical and consumer fields, their share was much smaller.

The numbers are not a one-year phenomenon. In the 10 years between 1978 and 1988, the Japanese share of U.S. patents doubled, from 10.5 percent to 20.7 percent. In some categories it was 40 percent. By contrast, the U.S. share in the same period fell from 62 percent to 52 percent.

Japanese corporations did best in some of the vital technological areas where corporate America did the worst — in motor vehicles, for example, information storage and retrieval, photography, typing machines, photocopying, machine elements and radiation imagery chemistry.

Those fields offer the best opportunities for broad marketing of corporate and consumer hardware. In motor vehicles, a huge percentage of the patents are going to Japanese firms. One patent official said the Japanese were "cornering the market" with new discoveries in this area.

This does not bode well for the future, especially since the areas where

U.S. holds an edge in patents — in chemistry, food and drugs — do not offer the same marketing possibilities. What this means is that Japanese dominance in mass-produced technical products is likely to continue or even grow.

Jane S. Myers, director of the office of documentation information at the U.S. Patent Office, says the results are dismaying and show that the United States is "not competing as we should compete."

There are reasons for this. It is not that the Japanese have suddenly become geniuses and Americans have grown stupid. The correlation is the amount of effort and expense given to research and development.

Japan has poured heavy funds into research and development at the same time that U.S. firms have scaled back. Since 1985, the decline has been severe. Most figures are only available through 1988, but preliminary studies in 1989 show that American corporate spending on R&D failed to keep up with inflation for the first time since the mid-1970s.

The lesson ought to be obvious. It has been known for a long time that research labs — even those that explore basic science instead of trying to build new products — are the breeding ground for discovery.

Unless business firms in the United States start providing more seed money, they won't be reaping any harvest of new technology. And the Japanese will own the future.